

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Robert G. Taub

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators
Royal PostNL BV – United States Postal Service
Bilateral Agreement (MC2010-34)
Negotiated Service Agreement

Docket No. CP2013-24

NOTICE AND ORDER CONCERNING
ADDITIONAL INBOUND COMPETITIVE MULTI-SERVICE
AGREEMENT WITH FOREIGN POSTAL OPERATORS 1
NEGOTIATED SERVICE AGREEMENT (WITH ROYAL POSTNL BV)

(Issued December 5, 2012)

I. INTRODUCTION

On December 4, 2012, the Postal Service filed a notice, pursuant to 39 CFR 3015.5, stating that it has entered into an additional negotiated service agreement (Agreement) with the Netherlands' foreign postal operator Royal PostNL BV (PostNL).¹ The Postal Service seeks to have the inbound portion of the Agreement, which

¹ Notice of United States Postal Service of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator, December 4, 2012 (Notice).

concerns delivery of inbound Air CP² and EMS in the United States, included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product on the competitive product list. Notice at 1.

II. CONTENTS OF FILING

The Postal Service's filing consists of the Notice, a public Excel file containing redacted financial workpapers, and four attachments. Attachment 1 is a redacted copy of the Agreement. *Id.* at 3. Attachment 2 is the certified statement required by 39 CFR 3015.5(c)(2). *Id.* Attachment 3 is a redacted copy of the Governors' Decision No. 10-3. *Id.* Attachment 4 is an application for non-public treatment of unredacted material. *Id.* The Agreement's intended effective date is January 1, 2013. *Id.* at 4.

The rates for inbound Air CP and EMS included in the Agreement are to remain in effect for 2 years after the Agreement's effective date, unless terminated sooner. *Id.* The Postal Service further notes that a TNT Agreement, in accordance with Article 22 of the TNT Agreement, automatically renewed on October 1, 2012, but pursuant to paragraph 3 of Article 22 of the PostNL Agreement, the TNT Agreement is to expire the day prior to the effective date of the PostNL Agreement, if an effective date for the PostNL agreement is established. *Id.* at 3 n.5.

The Postal Service reviews the regulatory history of the Inbound Competitive Multi-Service Agreements with Foreign Operators 1 product and identifies the TNT Agreement (approved in Docket No. CP2010-95) as the baseline agreement for purposes of determining the functional equivalence of the instant Agreement.³ *Id.* at 2. It asserts that the instant Agreement fits within applicable Mail Classification Schedule

² "CP" is an abbreviation used to identify or reference international parcel post (from the French phrase *colis postaux*, "postal package").

³ The Postal Service identifies Governors' Decision No. 10-3 as the enabling Governors' Decision. *Id.* at 5. The status of the TNT Agreement as the baseline agreement was confirmed in Docket No. CP2011-69, Order No. 840, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, September 7, 2011. See *id.* at 2.

language and addresses functional equivalency with the baseline agreement, including similarity of cost characteristics. *Id.* at 3-7. The Postal Service also identifies differences between the two contracts, such as the addition of several articles, revisions to existing articles, and new annexes, but asserts that these differences do not detract from a finding of functional equivalency. *Id.* at 5-7.

III. COMMISSION ACTION

Notice of establishment of docket. The Commission establishes Docket No. CP2013-24 for consideration of matters raised by the Notice. The Commission appoints James F. Callow to serve as Public Representative in this docket. Interested persons may submit comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3632 and 3633 and the requirements of 39 CFR part 3015. Comments are due no later than December 14, 2012. The public portions of this filing can be accessed via the Commission's website (<http://www.prc.gov>). Information on obtaining access to sealed material appears in 39 CFR part 3007.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2013-24 for consideration of matters raised by the Postal Service's Notice.
2. Pursuant to 39 U.S.C. 505, James F. Callow is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments are due no later than December 14, 2012.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary